



City of El Paso

Accounts Payable Manual

November 1, 2012

Prepared by:
Financial Services Department
Fiscal Operations Division

“We provide financial stability by managing the City’s resources with diligence and integrity. This enables City Government to function effectively and make informed decisions on behalf of its citizens and customers. We commit to outstanding customer service and continuous improvement through teamwork, innovation and technology.”

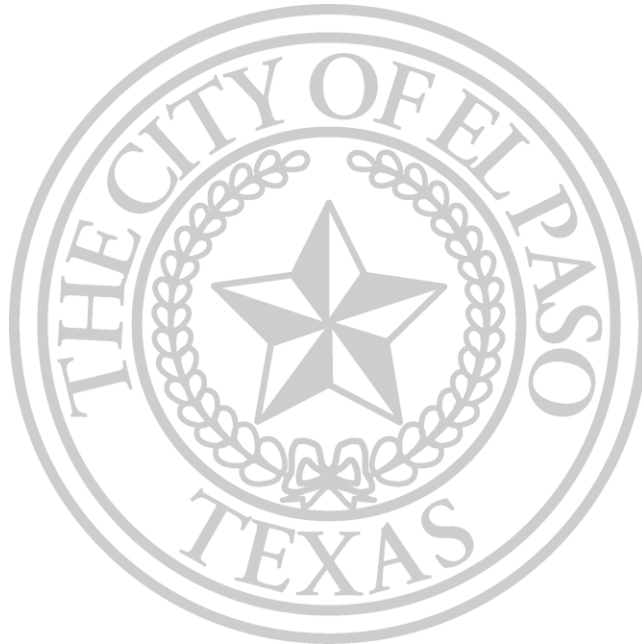


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CITY OF EL PASO

Accounts Payable Manual

1.0 INTRODUCTION

This Manual has been written in accordance with the City of El Paso's administrative policies and fiscal rules currently in effect. The Fiscal Operations Division of the Financial Services Department is responsible for this manual. Any questions may be directed to the Fiscal Operations staff. Contact information is provided below. Contact information is also available by calling the operator at 915-541-4000.

The topics covered in this document are intended to address questions commonly asked of the Accounts Payable personnel. Please contact us if you have additional questions or if you have recommendations on improving this document. Your comments and suggestions are always welcomed.

ACCOUNTS PAYABLE CONTACT INFORMATION:

Mail Delivery

City of El Paso
Financial Services, 7th Floor
2 Civic Center Plaza
El Paso, Texas 79901

General Telephone

915-541-4435

Fax

915-541-4446

Website Address

www.elpasotexas.gov/financial_services

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2.0 PURPOSE

The Accounts Payable Manual contains policies and procedures related to the recording and payment of all vendor invoices for the City of El Paso ("**City**"), including both purchase order and non-purchase order items. These policies are intended to be guidelines for staff responsible for processing vouchers through the PeopleSoft Accounts Payable module. The responsibility to observe these guidelines belongs to all employees who process and/or approve vouchers for their department.

3.0 GOALS

- 3.1 The following goals have been identified for all Accounts Payable staff:
 - 3.1.1 Obtain purchase order for transactions that are more than \$2,999.
 - 3.1.2 Follow AP policy when processing vendor invoices and credit memos.
 - 3.1.3 Process vouchers and journal entries within 30 days of transaction.
 - 3.1.4 Maintain and coordinate records management for vouchers at department level.
 - 3.1.5 Encourage vendors and employees to sign-up for Direct Deposit.
 - 3.1.6 Provide assistance to vendors.
- 3.2 The following goals have been identified for the Accounts Payable staff at Financial Services.
 - 3.2.1 Run Matching Process three times per day.
 - 3.2.2 Process payments (check run) for all City obligations every day.
 - 3.2.3 Process month-end and year-end closing.
 - 3.2.4 Process Form 1099-Misc. annually for vendor payments.
 - 3.2.5 Respond to B-Notices issued by the Internal Revenue Service (IRS)
 - 3.2.6 Process voids and voucher re-issues as necessary.
 - 3.2.7 Assist with vendor set-up especially those relating to a Notice of Assignment or a Notice of Levy.
 - 3.2.8 Provide assistance to vendors and guidance to departments as necessary.

4.0 DEFINITIONS

- 4.1 **Accounts Payable** – An accounting entry that represents the City's obligation to pay off an invoice for the purchase of goods or services by a specific date. The entry is found on the balance sheet under current liabilities. An accounts payable is recorded in the Accounts Payable sub-ledger at the time an invoice is posted to the general ledger as an outstanding or open liability because it has not yet been paid. Once a payment is processed the accounts payable balance is reduced by the amount of payment issues to the vendor.
- 4.2 **Automatic Clearing House (ACH)** – an electronic network for financial transactions that allows the transfer of money directly from one account to

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another at the request of the owner. ACH credit transfers include direct deposit for payroll and vendor payments.

- 4.3 **Gift** – as per Ordinance 017112, means any gift, benefit or other economic gain or economic advantage to an officer or employee or to a relative of an office or employee.
- 4.4 **Notice of Assignment** – A written notice that is provided to the City to indicate that a vendor has assigned their rights of payment to a third party. The letter obligates the City to make payments for the vendor to a third party.
- 4.5 **Notice of Levy** – A tool used by the Internal Revenue Service to collect money owed by the taxpayer named in the notice.
- 4.6 **Vendor** – Any entity that supplies goods or services to the City.
- 4.7 **Voucher** – an electronic document recording a liability allowing for the payment of an invoice or debt.

5.0 STRUCTURE OF ACCOUNTS PAYABLE SYSTEM

- 5.1 The City maintains a decentralized Accounts Payable system. Each department is responsible for entering, processing and approving vendor obligations for non-payroll distributions.
- 5.2 Documentation for payment is maintained at the department level.
- 5.3 Departments are responsible for processing vouchers accurately and in a timely manner with approval by the appropriate supervisory personnel.
- 5.4 The Accounts Payable section of the Financial Services department processes vouchers for various departments who do not have access to the PeopleSoft Accounts Payable module.
 - 5.4.1 Process pension refund vouchers for Pension Administration and other departments that may not have accounts payable staff.
 - 5.4.2 Process vouchers for Camino Real Regional Mobility Authority
- 5.5 Payments are processed centrally through the Fiscal Operations Division of the Financial Services Department by either paper check or direct deposit.
- 5.6 The Fiscal Operations Division also provides organizational leadership, guidance and operational control related to accounts payable within each City department.

6.0 GENERAL PROCEDURES FOR ALL TYPES OF PURCHASES

- 6.1 An electronic version of a voucher form can be found on the Financial Services web page.
- 6.2 Departments are responsible for ensuring that the accounting distribution used for purchases are appropriate. If related to a Purchase Order (PO), the system will drill the accounting lines from the purchase order
- 6.3 Vouchers should not be processed until all documentation is obtained and authorization has been received from the appropriate supervisor.
 - 6.3.1 Invoices should be processed within one business day of receipt.

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- 6.3.2 All dates, terms, and invoice numbers must be entered exactly as listed on the original invoices without exception. A manager must authorize any exceptions or changes. If PO related, all terms must be met according to the PO. Do not change the terms.
- 6.3.3 Use the “comments” link to enter the customer number, description, or any other code that may help the vendor to identify the invoice being paid.
- 6.3.4 Use DocLink to electronically attach supporting documentation to voucher.
- 6.3.5 Invoices should be electronically reviewed and approved in the Peoplesoft System by an authorized the supervisor.
- 6.4 If an original invoice or payment request is not available, a faxed copy or copy of the original can also be used in lieu of the original.
 - 6.4.1 The department should certify that the document is being used as the original copy by indicating as such on the face of the document.
 - 6.4.2 The words "Use as Original" or "Original" with an individual's initials/date is appropriate.
 - 6.4.3 Department staff is certifying that no other invoice or document has been received or paid and it is appropriate to pay off of the fax/copy.
 - 6.4.4 The document should also be footed and cross-footed to ensure the accuracy of the calculations made by the vendor.
 - 6.4.5 To avoid duplicate payments, invoices should not be made from statements.
- 6.5 All invoices should be reviewed for compliance with approved agreement amounts and terms prior to payment. All invoices should follow the PO terms.
 - 6.5.1 The supervisor, or authorized official should review and sign off on the document to ensure that there is compliance with the contract or quoted prices.
 - 6.5.2 If an invoice does not have the price listed on the quotation, do not process. Instead,
 - 6.5.2.1 Keep in mind that the original price was approved on an agreement, contract, Purchase Order, and or the basis of three quotations or a formal bid process. More than likely, the cost was the determining factor. It is important that the original prices match the invoice prices.
 - 6.5.2.2 Contact the agency and determine why there is a discrepancy between the invoice price and the original price.
 - 6.5.2.3 Immediately notify Purchasing staff and appropriate department supervisor.
 - 6.5.2.4 Wait until the Purchasing staff has reviewed and approved the invoice for payment. Only the Purchasing Division may authorize prices increases to any contract.
 - 6.5.2.5 Document the discrepancy and obtain signature of appropriate supervisor.

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- 6.5.3 If the payment terms on the invoice do not match the payment terms provided by the contract or Purchase Order, then you may contact the vendor and request a corrected invoice that reflects the contract terms or you may adhere the terms on the contract.
- 6.6 Once the “Voucher Packet” is completed, payment is processed electronically in the PeopleSoft system.
 - 6.6.1 The voucher will be:
 - 6.6.1.1 Matched by an electronic process,
 - 6.6.1.2 Budget checked, and
 - 6.6.1.3 Submitted electronically for approval to the appropriate department supervisor
 - 6.6.2 Once the department supervisor has electronically approved the voucher, it is electronically routed to the Financial Services Department – Accounts Payable Section for payment.
 - 6.6.3 If the payment is \$3,000 or more, it is electronically submitted to the Financial Services approver for review and approval.
 - 6.6.3.1 Effective September 1, 2009, all payments over \$3,000 will require approval from the Chief Financial Officer, or designee.
 - 6.6.3.2 All payments will continue to be electronically routed through the workflow system.
 - 6.6.3.3 The voucher will not be marked as “approved” until the Chief Financial Officer, or designee has signed off on the voucher.
 - 6.6.4 Once the payment is processed, a check is cut to the vendor. If the vendor has submitted a direct deposit sign-up form, then payment will be made by ACH and submitted to their bank account on file.
- 6.7 All voucher packets should be easily available and filed in a systematic manner at the department level.
 - 6.7.1 Invoices shall be maintained in the department of origination by vendor name, then by fiscal year, and then by invoice number.
 - 6.7.2 The retention life of a source document is three years.
 - 6.7.3 Records retention will facilitate any internal or external reviews as deemed necessary.
- 6.8 Gift cards from any store/vendor are not an allowable City purchase unless they are a part of a City program.
- 6.9 All individual payments over \$100,000.00 must be made via direct deposit. No payments for this amount will be submitted with a check.
- 6.10 For purchases of \$3,000 to \$49,999, three (3) quotes must be obtained by the department and reviewed by the Purchasing Division
- 6.11 For purchases over \$50,000, the formal bid process must be followed.
 - 6.11.1 The City must comply with the procedures prescribed by subchapter c for competitive sealed bidding or competitive sealed proposals.
 - 6.11.2 For additional information on the bidding processes please see the Purchasing Procedure Manual.

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7.0 NON-ENCUMBERED VOUCHER (PAYMENTS LESS THAN \$3,000)

- 7.1 Purchases less than \$3,000
 - 7.1.1 May be processed with an Unencumbered Voucher.
 - 7.1.2 These purchases do not require a purchase order in order to be processed for payment.
 - 7.1.3 HOWEVER, prior to expenditure, budgets should be checked to ensure that sufficient budget exists for the purchase.
- 7.2 Processing an Unencumbered Voucher
 - 7.2.1 When a department receives goods/services and accepts such goods/services, payment will be processed through the Accounts Payable system.
 - 7.2.2 In order to ensure that payment is correct, an original invoice and supporting documentation must be provided.
 - 7.2.3 If an original invoice is not available, please see [Section 14.4](#) for more information.
- 7.3 Approving an Unencumbered Voucher
 - 7.3.1 All invoices should be reviewed for correct pricing prior to payment.
 - 7.3.2 The supervisor or authorized official should sign off on the invoice to ensure that there is compliance with the correct prices.
 - 7.3.3 If an invoice does not have the correct price listed, do not process payment until the issue is resolved. Please see [Section 14.5](#) for more information.
 - 7.3.4 The non-encumbered voucher should then be:
 - a. Budget checked
 - b. Submitted electronically for approval to the appropriate department supervisor
 - 7.3.5 See [Section 14.6](#) for more information.
- 7.4 Purchases over \$3,000 that do not require a purchase order (i.e. processed with a Non-Encumbered Voucher) are limited to the following:
 - 7.4.1 Appraisal and legal notices
 - 7.4.2 Books, subscriptions, publications
 - 7.4.3 Dues.
 - 7.4.4 Legal settlements
 - 7.4.5 P-Card purchases
 - 7.4.6 Professional services for attorneys
 - 7.4.7 Real Estate
 - 7.4.8 Refunds (pension, fees, etc.)
 - 7.4.9 Rollover interest payments
 - 7.4.10 Stipends
 - 7.4.11 Tax payments
 - 7.4.12 Travel
 - 7.4.13 Utilities

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8.0 ENCUMBERED PURCHASE ORDERS (PURCHASES OVER \$3,000)

- 8.1 Purchases over [\\$3,000 but less than \\$49,999](#)
 - 8.1.1 In order for payment to be processed, a Purchase Order is required for all purchases that are at least \$3,000 but less than \$49,999.
 - 8.1.2
 - 8.1.3 The informal bid process is required
 - 8.1.3.1 The department must obtain three vendor quotes.
 - 8.1.3.2 The Purchasing staff reviews quotes and issues a purchase order to vendor.
 - 8.1.4 The contract and/or price list is required to be on file at the department level.
- 8.2 Processing an Encumbered Voucher
 - 8.2.1 When a department receives goods/services and accepts such goods/services, the payment will be processed through the Accounts Payable system.
 - 8.2.2 A “Three Way Matching” system is utilized in order to ensure that a payment is deemed appropriate.
 - 8.2.3 The following three documents must be matched in order to process payment:
 - 8.2.3.1 Purchase Order
 - 8.2.3.2 Receiver
 - 8.2.3.3 Original invoice from vendor
 - 8.2.4 If an original invoice is not available, please see [Section 14.4](#) for more information.
- 8.3 Approving an Encumbered Voucher
 - 8.3.1 All invoices should be reviewed for compliance with quoted prices prior to payment.
 - 8.3.2 The supervisor or authorized official should review and sign off on the document to ensure that there is compliance with the contract or quoted prices.
 - 8.3.3 If an invoice does not have the price listed on the quotation, do not process payment until the issue is resolved. Please see [Section 14.5](#) for more information.
- 8.4 Once the “Voucher Packet” is completed, payment is processed electronically in PeopleSoft system. See [Section 14.6](#) for more information.

9.0 ACH RETURNS

- 9.1 Treasury will notify the Accounts Payable Supervisor if an ACH payment is returned by the bank and provide a CW# to process the direct journal payment
- 9.2 The AP Supervisor will review the vendor file and contact the appropriate department for assistance as to whether or not the ACH information should be updated or deleted.

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- 9.3 The AP Supervisor will void and re-issued the ACH payment and process the direct journal payment

10.0 CONTRACTUAL AGREEMENTS WITH OTHER GOVERNMENTAL AGENCIES

10.1 Contractual Agreements

- 10.1.1 Contractual Agreements with other governmental agencies may be entered as Contractual Agreements through the purchase order system.
- 10.1.2 These agreements will encumber the City's contractual obligation against approved budgetary authorizations.
- 10.1.3 These quasi-purchase orders are electronically labeled as "CE#####" when entered into the system.
- 10.1.4 A copy of the contract should be on file at the department level, otherwise contact Purchasing for a copy.

10.2 Processing a Contractual Agreement Voucher

- 10.2.1 When a department deems it appropriate to pay a governmental agency for a portion or all of the contractual agreement, the payment will be processed through the Accounts Payable system.
- 10.2.2 The following documents must be matched in order to process payment:
- 10.2.2.1 Contractual Agreement document,
- 10.2.2.2 Agreement and/or resolution approved by Council, and
- 10.2.2.3 Original invoice or payment request from agency.
- 10.2.3 If an original invoices or payment request is not available, please see [Section 14.4](#) for more information.

10.3 Approving a Contractual Agreement Voucher

- 10.3.1 All invoices should be reviewed for compliance with approved agreement amounts prior to payment.
- 10.3.2 The supervisor, or authorizing official, should review and sign off on the document to ensure that there is compliance with the contract or quoted prices.
- 10.3.3 If an invoice does not have the contract price, do not process payment until issue is resolved. Please see [Section 14.5](#) for more information.

- 10.4 Once the "Voucher Packet" is completed, payment is process electronically in the PeopleSoft system. See [Section 14.6](#) for more information.

11.0 CREDIT MEMOS

- 11.1 The department using a non-encumbered voucher, separate from the purchase order voucher, should enter all credit memos.
- 11.2 Credit memos must be used in conjunction with another subsequent vendor invoice.

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- 11.2.1 Credit memos should only be processed with subsequent vendor invoice(s) that are ready for payment on the next check run.
- 11.2.2 On the Payment Panel, click on the message tab and enter the relevant credit memo information, e.g. apply credit memo number to the following voucher.
- 11.2.3 If a credit memo is entered by itself, any department having an invoice ready for payment will have the credit memo applied to that invoice, regardless of the department that enters it into PeopleSoft.
- 11.2.4 In the event that a credit memo cannot be used in conjunction with another subsequent vendor invoice, please contact the Financial Services Department.
- 11.2.5 A determination will be made to solicit a direct refund from the vendor or applied to another department's invoice(s).

12.0 DELEGATION OF AUTHORITY

- 12.1 Each department should have an appropriate supervisory personnel assigned to various delegations of authority to act on the behalf of the department head in the event that the department head is unavailable for signature and or approvals
- 12.2 All delegations should be in writing to indicate consent provided by Department Head, list of those given consent, and in what areas personnel are given consent to.
- 12.3 Examples of types of delegation of authority are: Payroll, operations, budgets, cash management, purchases, etc.

13.0 DISCOUNTS AND RETURNS AND ALLOWANCES

- 13.1 Some vendors are willing to offer discounts in exchange for early payments. ***Do not accept cash discounts or rebates.***
- 13.2 Each City department should take advantage of discounts through the proper channels which are offered through the PeopleSoft system.
- 13.3 In processing Returns and Allowances, City departments are accountable for promptly depositing refunds and applying to the proper accounting distribution code.
- 13.4 Payment terms may include the offer of a cash discount for paying an invoice within defined number of days. For example, the payment terms **2/15 net 30** means that the City must pay within 30 days of the invoice date, but will receive a 2% discount if payment is made within 10 days of the invoice date.
- 13.5 Discount is generated at the purchase order level and transferred to the requisition; therefore, voucher payments should follow the PO terms.

14.0 DIRECT DEPOSIT PAYMENTS

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- 14.1 The City and Financial Services encourage eligible vendors to receive their payments by Automated Clearing Hours (ACH).
- 14.2 City employees are also encouraged to receive their non-payroll reimbursements by ACH.
- 14.3 ACH is a highly reliable form of transferring funds electronically.
- 14.4 Funds are deposited directly into the vendor's bank account and a check advice is mailed to the remittance address.
- 14.5 The ACH file is uploaded to Wells Fargo after each check run. Payments are posted to the vendor's bank account the following day.
- 14.6 Use the Direct Deposit sign-up form to encourage participation in the ACH program.
- 14.7 Once completed and signed, forward the Direct Deposit sign-up form to the AP Supervisor for review.
- 14.8 The AP Supervisor will determine whether a vendor is eligible to sign-up for ACH payments and confirm that all the necessary information is provided.
- 14.9 If all information is in compliance, the AP Supervisor will request that the vendor's file be updated with the banking information.
- 14.10 A vendor with a Letter of Assignment or a Notice of Levy is not eligible to receive payments by direct deposit.
- 14.11 Pension refunds requested by the Pension Administration will be processed as a check and not be paid out as ACH payments. It is necessary for the City Pension Administration to provide the paper check to the terminated employee in order to finalized some requirements.

15.0 FORMS 1099M and 1099R.

- 15.1 1099M form- As part of the 1099 information return statutory reporting requirement by the Internal Revenue Service (IRS), the City must obtain accurate taxpayer identification number (TIN) information and certification from U.S. persons (including resident aliens) or from foreign persons.
 - 15.1.1 The annual period is from January to December of the same year.
 - 15.1.2 The Form is due to the vendor by January 31st of the following year.
 - 15.1.3 The Form must be filed in electronic format to the IRS by March 31st
- 15.2 The City must issue Form 1099-Misc for miscellaneous income for each vendor who was paid during the year:
 - 15.2.1 At least \$600 in rents, services, medical and healthcare payments.
 - 15.2.2 Gross proceeds to an attorney.
 - 15.2.3 Or withheld any federal income tax under the backup withholding rules regardless of the amount of the payment.
- 15.3 1099R form- The City must issue Form 1099-R for employees who applied with the Pension Administration for a refund of their pension contributions.
 - 15.3.1 In addition to a refund of the employee pension contributions, employees are also subject to a refund of any interested earned on their contributions
 - 15.3.2 Report total distributions and income tax withheld.

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- 15.3.3 Report amounts to a participant or beneficiary must include all amounts that are paid from the plan.
- 15.4 1099K form
 - 15.4.1 All payments made in settlement of payment card transactions
 - 15.4.2 The entity responsible for reporting merchant card transactions (Wells Fargo Bank) will report gross transactions amounts
- 15.5 Correcting 1099Forms
 - 15.5.1 Filing corrected information returns can sometimes be a cumbersome process depending on the type of correction being made.
 - 15.5.2 Payers must be aware of when to file corrections, potential filing penalties but most importantly, the types of corrections and how to make them.
 - 15.5.3 Many departments are unsure of what payments are subject to 1099 reporting. Please direct vendors with questions regarding 1099 reporting to Financial Services.

16.0 GIFTS PROHIBITED

Please see Ethics Ordinance, No. 17112 adopted on April 21, 2009 and which can be found on the City Attorney's website.

17.0 GOOD AND OR SERVICES RECEIVED

- 17.1 If the goods and or services have been received and the quantity and price match the purchase order or the non-encumbered order, the invoice will be approved for payment by the assigned personnel. Once approved, the invoices will be entered in the system and pay according to the supplier terms. If the invoice does not match the order, contact the vendor for clarification.
- 17.2 A receiver must be entered by the designated staff processing the voucher
 - 17.2.1 Any monies encumbered can be used only after a receipts is created.
 - 17.2.2 The receipts is what connects the vouchers to the POs which creates the payment process
 - 17.2.3 Match comes in to the pciture
 - 17.2.4 rencumbrance This a process to attach the voucher to the purchase order
 - 17.2.5 The receipt is what pulls monies from the PO into the voucher so that payment can be completed
 - 17.2.6 The receipt created
 - 17.2.7 At the end all three are match

18.0 JOURNAL ENTRIES

- 18.1 Journal Entries (JE) log transactions and their monetary value in the general ledger accounts as either debits or credits.

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- 18.2 Journal entries are originated at the department level and created by the department
- 18.3 Supporting documentation for journal entries such as a receipt, a bill, an invoice, or some other direct record of the transaction is required to support and maintain traceability of each transaction. Appropriate staff reviews and approves the JE to be entered in the PeopleSoft System.
- 18.4 Use DocLink to electronically attach supporting documentation to the journal entry
- 18.5 Journal entry goes through the budget check, if funds are not available, Office of Management and Budget (OMB) will review to determine if zero lines are created in order to allow the posting of the journal entry
- 18.6 All lines affecting the cash line in a fund should always have an off-setting cash line within the same fund or another fund.
- 18.7 The JE should never reduce cash or increase cash without approval from the Financial Reporting Manager at Financial Services Department
- 18.8 Journal entries of high material amount need to be reviewed by Financial Services

19.0 LOST OR STOLEN CHECK

- 19.1 If a check is lost or stolen, the department must notify Accounts Payable immediately.
- 19.2 Upon discovering that a prepared and signed check is lost or stolen, the custodian should immediately prepare a Stop Payment Request and email it to the Treasury Division and the Fiscal Operations Division.
- 19.3 The check should be marked by Financial Services Department-Treasury section as void on the Positive Pay system (including a complete description in the check's "Memo" field).
- 19.4 In case of theft, the department should notify the Police Department and attach a copy of the police report to their Stop Payment request.

20.0 MILEAGE REIMBURSEMENTS

- 20.1 The City reimburses the employee for travel performed in a privately owned vehicle while conducting City business if approved by appropriate staff
- 20.2 The City will reimburse mileage rate using the standard mileage rate set by the Internal Revenue Service (IRS).
- 20.3 The rates are subject to change as per IRS announcements.
- 20.4 You can also refer to the IRS website, www.irs.gov for the current rate.
- 20.5 City employees make their request for reimbursement on a monthly basis.
- 20.6 Requests must be submitted with a proper form, proper documentation and approval from appropriate staff.
- 20.7 All payments for mileage reimbursement will be made by direct deposit.
- 20.8 Employees are required to fill out the direct deposit form and send to Financial Services department for processing.

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21.0 MOVING EXPENSES

- 21.1 The payment of any type of moving expenses requires the prior approval of the City Manager and/or the Human Resources Department.
- 21.2 The City is required to comply with reporting requirements mandated by the Internal Revenue Service (IRS).
- 21.3 Qualified moving expenses are a nontaxable benefit, while non-qualified expenses are reportable as income on Form W-2.
- 21.4 For more information, consult IRS Publication 521.
- 21.5 Payment is processed by Human Resources and paid through the Payroll system.

22.0 NOTICE OF PAYMENT ASSIGNMENT

- 22.1 A Notice of Assignment is a written notice that is provided to the City to indicate that a vendor has assigned their rights of payment to another entity.
 - 22.1.1 Unless the City receives a written notice from a vendor, no assignment of any kind will be made.
 - 22.1.2 The notice of assignment may assign payment rights to another entity for all payments or for specific payments, perhaps related to a particular contract.
 - 22.1.3 Given the complexities and legal issues that may arise from such an assignment, ALL notice of assignments must be sent to Financial Services – Fiscal Operations Division for handling.
- 22.2 Fiscal Operations will take the necessary steps to have the Chief Financial Officer or Comptroller review the notice of assignment and make the determination of whether or not it is appropriate to sign off on the document.
 - 22.2.1 Departments SHOULD NOT sign any assignment documents.
 - 22.2.2 Once the assignment is reviewed and signed by the Financial Services Department, a copy of the assignment will be distributed to the following:
 - 22.2.2.1 Chief Financial Officer
 - 22.2.2.2 Accounts Payable Supervisor
 - 22.2.2.3 Appropriate Department Accounts Payable staff
 - 22.2.2.4 Staff at the Purchasing Division responsible for entering vendors in PeopleSoft.
- 22.3 Prior to entering a voucher for payment into the system all checks and balances must be met to assure that it is a valid payment and the supervisor for that department has approved the payment.
- 22.4 If the vendor has a notice of assignment, the “payment tab” in the PeopleSoft system must be reviewed thoroughly to ensure that the payment is being sent to the correct party and address.
- 22.5 Since a letter of assignment provides specific payment and mailing instructions, a vendor with a letter of assignment may not sign-up for ACH payments.

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23.0 NOTICE OF TAX LEVY

- 23.1 A Notice of Levy is a written notice issued by the US Treasury – Internal Revenue Services that provides that there is a lien for the amount that is owed by a vendor.
- 23.2 Upon Notice of Levy, the City is to make a reasonable effort to identify all property and rights to property belonging to the vendor.
- 23.3 If property is identified as owed to the vendor, the City is required to turn over the property or rights to property to the US Treasury on behalf of the person named in the Notice of Levy.
- 23.4 The vendor's file is updated to include the US Treasury as the "Remit To" address.
- 23.5 Since a notice of levy provides specific payment and mailing instructions, a vendor with a notice of levy may not sign-up for ACH payments.

24.0 PAYMENT MANAGER

- 24.1 After the daily check run, the ACH vendor payment file is created and placed in a folder where Wells Fargo picks up for processing. Payment is made the next business day or something that same day of the check run.
- 24.2 Confirmation of the ACH received by Wells Fargo is verified against our ACH register to ensure timeliness and accuracy.

25.0 P-CARD PURCHASES

- 25.1 Another form of payment for goods and services is by the City of El Paso P-Card.
- 25.2 The P-Card is managed by the City through Wells Fargo.
- 25.3 For more information on the P-Card, please see the P-Card Procedure Manual.

26.0 PERSONAL SERVICES CONTRACTS

- 26.1 All personal services contracts are required to have an agreement signed by all parties and approved by the City Council.
 - 26.1.1 Once this agreement has been signed and authorized then a purchase order should be entered.
 - 26.1.2 Once the individual or group on the contract has provided the services, it then becomes necessary to process payment through the Accounts Payable process.
 - 26.1.3 A four way matching system is utilized in order to ensure that proper payment is deemed appropriate.

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- 26.1.4 The following four documents must be matched in order to process payment:
 - 26.1.4.1 Fully executed agreement,
 - 26.1.4.2 Resolution by Council,
 - 26.1.4.3 City of El Paso purchase order, and
 - 26.1.4.4 Original invoice from vendor
- 26.1.5 If an original invoice is not available, please see [Section 14.4](#) for more information.
- 26.2 All invoices should be reviewed for compliance with the Personal Services Contracts that was approved.
 - 26.2.1 The supervisor, or authorizing official, should sign off on the document to ensure that there is compliance with the contract or quoted prices.
 - 26.2.2 If an invoice does not have the price listed on the quotation, do not process. Please see [Section 14.5](#) for more information.
- 26.3 Once the “Voucher Packet” is completed, payment is processed electronically in the PeopleSoft system. See [Section 14.6](#) for more information.

27.0 PROCESSING CHECKS/ADVISES

- 27.1 All vouchers entered and to be paid must have the following:
 - 27.1.1 Approval signatures on invoice
 - 27.1.2 Scanned documents attached to voucher
 - 27.1.3 Budget Checked and Matched
 - 27.1.4 Invoices are due 30 days from day of receipt of invoice
 - 27.1.5 Vouchers should be entered within one business day of invoice due date to avoid payment delays.
- 27.2 All vouchers must have appropriate approvals before processing for payment.
- 27.3 Checks are processed daily and are issued in accordance with agreements and or terms per the Purchase Order.
- 27.4 Do not assume a check will be issued solely on the premise it was entered or submitted by the cut-off date.
- 27.5 All vouchers are approved at the departmental level electronically; payments over \$3,000 are submitted to the three designated approvers in Financial Services for electronic approval.
- 27.6 If needed, the Chief Financial Officer may request additional supporting documentation for payments over \$3,000.
- 27.7 Checks are mailed unless Financial Services Department approves the exceptions.
- 27.8 Checks being held for pickup will be made available after 12:00 p.m. on Mondays, Tuesdays, and Wednesdays and after 2:30 p.m. on Thursdays.
- 27.9 The Financial Services Department and /or Treasury reserve the right to mail checks at their discretion and to adjust the schedule for pickups without prior notice due to unforeseen circumstances.

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- 27.10 The daily check run for Monday through Thursday will up the current day plus the next three days. This will ensure that payment terms are met and avoid paying late fees.

28.0 PROMPT PAYMENT FEES

- 28.1 Pursuant to Government Code Title 10, Subtitle F, Chapter 2251, the City shall pay interest at the time of payment on goods and services if the payment is overdue.
- 28.2 For contracts executed on or after September 1, 1987, a payment is considered overdue on the 31st day after the later of:
- 28.2.1 The date the City receives the goods under the contract;
- 28.2.2 The date the performance of the services under the contract is completed;
- OR
- 28.2.3 The date the City receives an invoice for the goods or service.
- 28.3 The City may not require the vendor to petition or bill to receive the payment of interest.
- 28.3.1 The City shall pay the interest at the time the payment is made on the principal or with the amount net due to the goods or services.
- 28.3.2 The interest begins to accrue on the date that the payment becomes overdue.
- 28.4 Effective June 29, 2006, the rate of interest that accrues on an overdue payment is the rate in effect on September 1 of the fiscal year in which the payment becomes overdue. The maximum rate in effect on September 1 is equal to the sum of:
- 28.4.1 One percent per month or 12% annually.
- 28.4.2 The prime rate as published in the Wall Street Journal on the first day of July of the preceding fiscal year that does not fall on a Saturday or Sunday.
- 28.5 Interest on an overdue payment stops accruing on the date the City mails or electronically transmits the payment.
- 28.6 Fees will be taken into consideration in overall budget status.

29.0 SALES AND USE TAX NUMBER

- 29.1 The City is exempt from the payment of sales and use taxes on most purchases.
- 29.1.1 Do not pay sales and use taxes included on invoices.
- 29.1.2 An exemption letter can be provided to vendors upon request.
- 29.1.3 Meals purchased at restaurants are NOT exempt from sales and use taxes.
- 29.1.4 The hotel occupancy tax is not a sales and use tax and therefore must be paid.
- 29.2 The City is, however, liable for collection and payment of the sales and use tax on City sales and rental transactions.
- 29.3 Personal use of the City's sales and use tax number is prohibited

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- 29.4 Further, pursuant to a letter from the Internal Revenue Service dated April 15, 2004, the City is also not subject to Federal Income Tax under the provisions of Section 115(1) of the Internal Revenue Code.

30.0 SPECIAL CHECK RUN

- 30.1 Requests for express checks will be approved only in extenuating or emergency situations.
- 30.2 All requests need to come from the Department Head and submitted to either the Fiscal Operations manager or the Comptroller
- 30.3 The Treasurer must also be notified by the Fiscal Operations areas of the amount of the express check.
- 30.4 Please plan in advance and ensure vouchers are completed and submitted on a timely basis to avoid the need for an Express Check run.

31.0 STOP PAYMENT PROCEDURES

- 31.1 From time to time you may need to request a "Stop Payment Request" from Accounts Payable.
- 31.1.1 This occurs when a vendor notifies the department that a check has been lost; stolen or otherwise cannot be recovered.
- 31.1.2 Also, if a fully prepared and signed check may be lost or stolen before it is released to a vendor.
- 31.2 The stop payment request should be properly documented.
- 31.2.1 After Accounts Payable receives a stop payment request, the request is forwarded to the Treasury Division.
- 31.2.2 The department should wait at least twenty-four (24) hours after the bank confirmation of the notification before re-issuing a replacement check.
- 31.2.2.1 Without this acknowledgment, the department runs the risk of both checks clearing the bank.
- 31.2.2.2 A comment should be made on the replacement check identifying the check as a replacement check.
- 31.3 The department requesting a stop payment or void must inform their vendor that the vendor will incur non-refundable bank fees for attempting to cash a stopped or voided check.

32.0 TRAVEL REIMBURSEMENT

- 32.1 For Administrative Policies and Procedures – See Travel Procedure Manual.

33.0 VENDOR SET-UP

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- 33.1 If a vendor is new or does not appear on the Vendor List, the department will need to ask the vendor to complete a Vendor Information packet including a signed and dated Form W-9.
- 33.2 Submit completed vendor forms to the Purchasing Department for set up.
- 33.3 Encourage vendors to sign-up for direct deposit payments.
- 33.4 The direct deposit form must be filled out completely prior to adding their banking information to their vendor file. See [Section 14.0, Direct Deposit Payments](#) for more information.
- 33.5 For one-time vendors or for a vendor who will receive less than \$600 in payments:
 - 33.5.1 A signed Form W-9 is not necessary.
 - 33.5.2 However, complete the form on behalf of the vendor and provide as much information as possible including the taxpayer ID or social security number, if available.
- 33.6 Financial institutions are exempt from taxes and as part of their policy will not provide Form W-9. In these cases:
 - 33.6.1 Prepare the form on behalf of the institution and provide as much information as possible.
 - 33.6.2 Request that either the Accounts Payable Supervisor or Fiscal Operations Manager at Financial Services review and sign the form.
 - 33.6.3 The form will be forwarded to Purchasing who will issue a unique vendor ID.

34.0 VIOLATIONS (Accounts Payable)

- 34.1 Violations include, but are not limited to:
 - 34.1.1 Checks are not stored in a secure place or are held for a period of time. Unless checks are to be distributed within a 5-day period, the payment should not be processed as “Due Immediately.”
 - 34.1.2 City Departments do not notify Accounts Payable about lost or stolen checks.
 - 34.1.3 Checks clear the bank but the departmental Accounts Payable clerk does not have the documentation or the amount that cleared the bank when it is different from the Accounts Payable document.
 - 34.1.4 Original receipts or other appropriate supporting documents are not submitted.
 - 34.1.5 The department does not reveal business meals, refreshments, recruiting, or entertainment expenses as required when processing payment to vendor.
 - 34.1.6 The check is used to reimburse an employee for out-of-pocket expenses without the written approval of the next higher supervisory authority.
 - 34.1.7 The department pays for travel-related, prepaid expenses without attaching copies of appropriate travel forms.

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- 34.1.8 Checks are voided without a valid reason and/or without supervisor approval.
- 34.1.9 A payment is processed to oneself.
- 34.1.10 Payments are entered into the system without approval and/or without supporting documents.
- 34.2 Violations may result in disciplinary action up to and including termination of employment.

35.0 VOID CHECK PROCEDURES

- 35.1 A check may be "Voided" when:
 - 35.1.1 A check has been recorded in the financial system (PeopleSoft or Positive Pay).
 - 35.1.2 A check is lost or stolen.
 - 35.1.2.1 The department must notify Accounts Payable immediately upon discovering that a prepared and signed check is lost or stolen.
 - 35.1.2.2 The Treasury Department will then immediately prepare a Stop Payment Request.
 - 35.1.3 There is a valid reason for voiding checks. For example:
 - 35.1.3.1 Vendor received a duplicate payment or was incorrectly paid
 - 35.1.3.2 The check has not cleared the bank after ninety (90) days after issue.
- 35.2 Voiding checks must not be a routine procedure due to continuous errors by the department's accounts payable staff.
- 35.3 The Treasury Division records the void on the Positive Pay system which informs the bank to remove the issue from their records.
- 35.4 The Accounts Payable staff at Financial Services records the void in the PeopleSoft system.
- 35.5 A "Voided Check Register" is printed and maintained to monitor the voids and reissues processed.
 - 35.5.1 This register is used:
 - 35.5.1.1 To monitor requests made by departments
 - 35.5.1.2 To address abuse of procedure
 - 35.5.1.3 To capture any violations or misuse.
 - 35.5.1.4 By the Treasury Division to reconcile outstanding checks at the end of the month and/or at year-end.

36.0 WHEN TO ASK FOR TAXPAYER ID NUMBER OR SOCIAL SECURITY NUMBER

- 36.1 IRS Regulations require payments for services or goods to non-corporate entities (i.e. individuals who are not performing services in an employer/employee

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relationship or partnerships) be reported to the individual or the entity and to the IRS on a form 1099 inclusive of the Taxpayer Identification Number (social security number or federal identification number sometimes referred to as TIN, taxpayer identification).

- 36.2 A W-9 must be obtained from all payees prior to making any payments to them.
- 36.3 Form W9, (Request for Taxpayer Identification Number) is available from the Financial Services, Accounts Payable folder
- 36.4 Please attach this form to the new vendor form. You will need to provide both prior to requesting a new vendor in the system.

37.0 YEAR END CLOSING

- 37.1 Year end closing date is determined each year by the Accounts Payable and Financial Accounting & Reporting sections at Financial Services and will be announced to departments during year end training and/or by email.
- 37.2 Departments are responsible for timely data entry and processing of vouchers that need to be paid by August 31. To ensure that year end vouchers are processed in the correct fiscal year, review accounting and budget dates for these vouchers.
- 37.3 For vouchers received after closing date, contact the staff at Financial Accounting & Reporting to discuss appropriate action needed.

38.0 CONCLUSION

- 38.1 If you cannot find policies and procedures in this manual that relate to your question or if you need clarification for any of the states polices, please contact Accounts Payable at 541-4131 or 541-4361 for assistance.
- 38.2 All City Departments are responsible for accurate and timely payment of all invoices. This includes all payments on purchase orders, blanket purchase orders, check requests, travel advances and travel expense vouchers, petty cash, freight bills, and contract payment for construction.
- 38.3 In addition, all City Departments are also responsible for the accurate account distribution of expenditures.
- 38.4 Inquiries from vendors regarding the status of unpaid invoices should be handled by the Departmental accounts payable staff.

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